



278187
Laura Bateman
Carolinas Rates & Regulatory Strategy
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August 31, 2018

Jocelyn Boyd
Chief Clerk and Administrator
Public Service Commission of South Carolina
Post office Drawer 11649
101 Executive Center Drive, Suite 100
Columbia, SC 29211

Dear Mrs. Boyd:

Enclosed per Docket No. 2006-268-E is the quarterly report of Duke Energy Carolinas, LLC for the twelve months ending June 30, 2018. Debt coverage ratio of earnings to Fixed Charges was 4.28 for this time period. Please note all costs and insurance settlements directly related to the 2014 Dan River release and clean-up are excluded from the retail returns.

Please feel free to contact me at 919.546.3324 if you have any questions.

Sincerely,

Laura Bateman
Carolinas Rates & Regulatory Strategy
Duke Energy

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SEP 05 2018

PSC SC
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Enclosures:

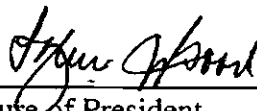
pc: Ms. Dawn Hipp, Director Utilities, Safety & Transportation
Office of Regulatory Staff
Mr. Willie Morgan, Deputy Director Utilities Rates
Office of Regulatory Staff


South Carolina

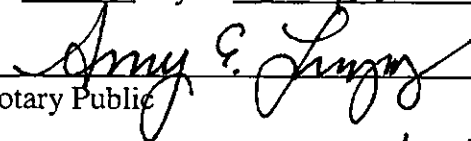
CERTIFICATION

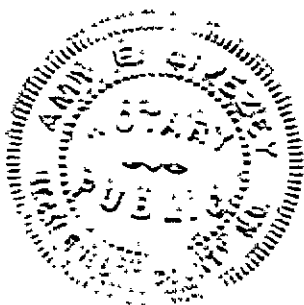
(Certification must be signed by the Chief Executive Officer and the Chief Financial Officer)

I, Lynn J. Good, state and attest, under penalty of perjury, that the attached South Carolina Quarterly Report is filed on behalf of Duke Energy Carolinas, LLC, as required by the Public Service Commission of South Carolina; that I have reviewed said report and, in the exercise of due diligence, have made reasonable inquiry into the accuracy of the information and representations provided therein; and that, to the best of my knowledge, information, and belief, all information contained therein is accurate and true and contains no false, fictitious, fraudulent or misleading statements; that no material information or fact has been knowingly omitted or misstated therein, and that all information contained therein has been prepared and presented in accordance with all applicable South Carolina general statutes, Commission rules and regulations, and applicable Commission Orders. Any violation of this Certification may result in the Commission initiating a formal earnings review proceeding.



Signature of President_____
Lynn J. Good_____
Typed or Printed Name of Person Signing_____
President, CEO & Chair of BOD_____
Title


Date SignedSubscribed and sworn to before me this 28th day of August, 2018.


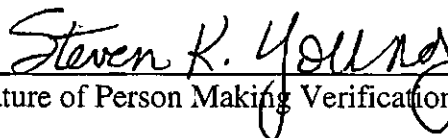
Notary PublicMy Commission Expires: 11/16/22

South Carolina

CERTIFICATION

(Certification must be signed by the Chief Executive Officer and the Chief Financial Officer)

I, Steven K. Young, state and attest, under penalty of perjury, that the attached South Carolina Quarterly Report is filed on behalf of Duke Energy Carolinas, LLC, as required by the Public Service Commission of South Carolina; that I have reviewed said report and, in the exercise of due diligence, have made reasonable inquiry into the accuracy of the information and representations provided therein; and that, to the best of my knowledge, information, and belief, all information contained therein is accurate and true and contains no false, fictitious, fraudulent or misleading statements; that no material information or fact has been knowingly omitted or misstated therein, and that all information contained therein has been prepared and presented in accordance with all applicable South Carolina general statutes, Commission rules and regulations, and applicable Commission Orders. Any violation of this Certification may result in the Commission initiating a formal earnings review proceeding.



Signature of Person Making Verification

Steven K. Young

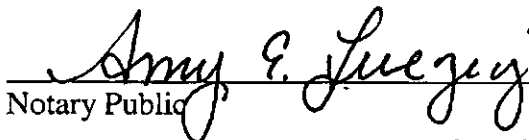
Typed or Printed Name of Person Signing

Executive Vice President & CFO

Title

8/28/2018

Date Signed

Subscribed and sworn to before me this 28th day of August, 2018.


Notary Public

My Commission Expires: 11/16/22

Duke Energy Carolinas, LLC
Electric Operating Experience - Total Company & SC Retail
 12 Months Ended June 30, 2018
 Dollars in Thousands

Line No.	Description	Total Company		SC Retail			
		Regulatory Per Books	Pro-Forma Adjustments	As Adjusted	Regulatory Per Books	Pro-Forma Adjustments	As Adjusted
	(Col. 1)	(Col. 2)	(Col. 3)	(Col. 4)	(Col. 5)	(Col. 6)	(Col. 7)
		\$	\$	\$	\$	\$	\$
1	Operating Revenues	\$ 7,303,255	\$ (314,889)	\$ 6,988,366	\$ 1,738,814	\$ (86,921)	\$ 1,651,893
2	Operating Expenses						
3	O&M Expenses - Fuel	1,566,802	-	1,566,802	364,455	(943)	363,512
4	O&M Expenses - Purchased Power and Net Interchange	301,703	-	301,703	73,174	-	73,174
5	O&M Expenses - Wages, Benefits, Materials, etc.	1,847,833	(137,284)	1,710,549	458,726	(38,461)	420,265
6	Depreciation & Amortization Expenses	1,165,893	81,073	1,246,966	260,926	19,964	280,890
7	Taxes Other Than Income	285,183	20,786	305,969	88,054	4,809	92,863
8	Income Taxes	516,744	(98,092)	418,652	121,771	(24,816)	96,955
9	Investment Tax Credit	(5,278)	-	(5,278)	(1,264)	4	(1,260)
10	Total Operating Expenses	5,678,879	(133,517)	5,545,362	1,365,843	(39,443)	1,326,400
11	Operating Return	1,624,376	(181,372)	1,443,004	372,971	(47,479)	325,493
12	Customer Growth	-	2,169	2,169	-	2,169	2,169
13	Interest on Customer Deposits (Before Taxes)	8,239	-	8,239	1,038	(5)	1,033
14	Total Income for Return	\$ 1,616,137	\$ (179,203)	\$ 1,436,934	\$ 371,933	\$ (45,305)	\$ 326,629
15	Rate Base						
16	Plant in Service	\$ 39,335,103	\$ 1,417,965	\$ 40,753,068	\$ 9,376,197	\$ 308,810	\$ 9,685,007
17	Reserve for Depreciation	(15,575,306)	(81,073)	(15,656,379)	(3,712,600)	(8,817)	(3,721,417)
18	Net Plant	23,759,797	1,336,892	25,096,689	5,663,597	299,994	5,963,591
19	Construction Work in Progress	151,060	1,347,170	1,498,231	35,540	315,866	351,406
20	Other Rate Base	(269,850)	-	(269,850)	(85,068)	-	(85,068)
21	Total Working Capital	(1,805,445)	(17,161)	(1,822,605)	(362,978)	(4,808)	(367,786)
22	Materials & Supplies	1,503,148	73,202	1,576,351	359,790	18,124	377,914
23	Accumulated Deferred Income Taxes	(3,408,935)	(56,605)	(3,465,540)	(875,054)	(16,353)	(891,408)
24	Total Rate Base	\$ 19,929,777	\$ 2,683,499	\$ 22,613,275	\$ 4,755,826	\$ 612,823	\$ 5,368,649
25	Rate of Return	8.11%		6.35%	7.82%		6.08%
26	Return on Equity	11.26%		7.96%	10.72%		7.45%

Schedule 3

Duke Energy Carolinas, LLC
Electric Accounting & Pro Forma Adjustments
Total Company
12 Months Ended June 30, 2018
Dollars in Thousands

Adj. #	Description	Revenues	O&M Expenses Fuel	O&M Expenses Other	Deprec. & Amort. Expense	Taxes Other Than Income	Interest on Customer Deposits	Income Taxes 0.2495 24.95%	Investment Tax Credit
1	To Annualize Depreciation on Year-End Plant	\$ -	\$ -	\$ -	\$ 41,432	\$ -	\$ -	\$ (10,337)	\$ -
2	To Annualize Wage Rate Increase	-	-	24,276	-	2,040	-	(6,566)	-
3	To Update for Increased Benefits Costs	-	-	1,938	-	-	-	(483)	-
4	To Annualize Property Taxes on Year-End Plant	-	-	-	-	10,855	-	(2,709)	-
5	To Reflect CWIP Closings to Plant	-	-	-	39,641	7,908	-	(11,853)	-
6	To Adjust Income Taxes to Reflect Interest Synchronization	-	-	-	-	-	-	(19,674)	-
7	To eliminate unbilled revenues	(20,289)	-	-	-	(17)	-	(6,178)	-
8	Adjust coal inventory	-	-	-	-	-	-	-	-
9	Adjust the amount of CWIP in rate base	-	-	-	-	-	-	-	-
10	Adjust 1/8 O&M for accounting and pro forma adjustments	-	-	-	-	-	-	-	-
11	To Exclude Greenwood Operations	-	-	-	-	-	-	-	-
12	To Normalize Nuclear Refueling Outage Costs	-	-	(5,885)	-	-	-	1,468	-
13	To remove SC Load Retention Rider revenues	0	-	-	-	-	-	-	-
14	To remove DSM&E program revenues and program costs	(294,800)	-	(157,613)	-	-	-	(41,751)	-
TOTAL - ALL PRO FORMAS		\$ (314,889) 0	\$ -	\$ (137,264) -	\$ 81,073 0	\$ 20,786 0	\$ -	\$ (98,092) 0	\$ - 0
Adj. #	Description	Plant In Service	Accum. Deprec.	CWIP	ADIT	Other Rate Base	Working Cash	Materials & Supplies	
1	To Annualize Depreciation on Year-End Plant	\$ -	\$ (41,432)	\$ -	\$ -	\$ -	\$ -	\$ -	
2	To Annualize Wage Rate Increase	-	-	-	-	-	-	-	
3	To Update for Increased Benefits Costs	-	-	-	-	-	-	-	
4	To Annualize Property Taxes on Year-End Plant	-	-	-	-	-	-	-	
5	To Reflect CWIP Closings to Plant	1,417,965	(39,641)	-	(56,605)	-	-	-	
6	To Adjust Income Taxes to Reflect Interest Synchronization	-	-	-	-	-	-	-	
7	To eliminate unbilled revenues	-	-	-	-	-	-	-	
8	Adjust coal inventory	-	-	-	-	-	-	-	
9	Adjust the amount of CWIP in rate base	-	-	1,347,170	-	-	-	-	
10	Adjust 1/8 O&M for accounting and pro forma adjustments	-	-	-	-	-	-	-	
11	To Exclude Greenwood Operations	-	-	-	-	-	-	-	
12	To Normalize Nuclear Refueling Outage Costs	-	-	-	-	-	-	-	
13	To remove SC Load Retention Rider revenues	-	-	-	-	-	-	-	
14	To remove DSM&E program revenues and program costs	-	-	-	-	-	-	-	
TOTAL - ALL PRO FORMAS		\$ 1,417,965	\$ (81,073)	\$ 1,347,170	\$ (56,605)	\$ -	\$ (17,161)	\$ 73,202	

Duke Energy Carolinas, LLC
Electric Accounting & Pro Forma Adjustments
SC Retail
12 Months Ended June 30, 2018
Dollars in Thousands

Schedule 4

Adj. #	Description	Revenues	O&M Expenses Fuel	O&M Expenses Other	Deprec. & Amort. Expense	Taxes Other Than Income	Interest on Customer Deposits	Income Taxes @ 0.2495 24.95%	Investment Tax Credit
1	To Annualize Depreciation on Year-End Plant	\$ -	\$ -	\$ -	\$ 11,260	\$ -	\$ -	\$ (2,809)	\$ -
2	To Annualize Wage Rate Increase	-	-	5,951	-	500	-	(1,610)	-
3	To Update for Increased Benefits Costs	-	-	475	-	-	-	(119)	-
4	To Annualize Property Taxes on Year-End Plant	-	-	-	-	2,708	-	(676)	-
5	To Rellect CWP Closings to Plant	-	-	-	9,480	1,888	-	(2,836)	-
6	To Adjust Income Taxes to Rellect Interest Synchronization	-	-	-	-	-	-	(4,517)	-
7	To eliminate unbilled revenues	(5,730)	-	-	-	(17)	-	(1,741)	-
8	Adjust coal inventory	-	-	-	-	-	-	-	-
9	Adjust the amount of CWP in rate base	-	-	-	-	-	-	-	-
10	Adjust 1/8 O&M for accounting and pro forma adjustments	-	-	-	-	-	-	-	-
11	To Exclude Greenwood Operations	(862)	(943)	(1,459)	(776)	(270)	(5)	791	4
12	To Normalize Nuclear Refueling Outage Costs	-	-	(893)	-	-	-	223	-
13	To remove DSMEE program revenues and program costs	(80,339)	-	(42,536)	-	-	-	(11,522)	-
14	To remove SC Load Retention Rider revenues	-	-	-	-	-	-	-	-
TOTAL - ALL PRO FORMAS		\$ (86,921)	\$ (943)	\$ (38,461)	\$ 19,984	\$ 4,809	\$ (5)	\$ (24,816)	\$ -

Adj. #	Description	Plant In Service	Accum Deprec.	CWP	ADIT	Deferred Debt/Credit	Working Cash	Materials & Supplies
1	To Annualize Depreciation on Year-End Plant	\$ -	\$ (11,260)	\$ -	\$ -	\$ -	\$ -	\$ -
2	To Annualize Wage Rate Increase	-	-	-	-	-	-	-
3	To Update for Increased Benefits Costs	-	-	-	-	-	-	-
4	To Annualize Property Taxes on Year-End Plant	-	-	-	-	-	-	-
5	To Rellect CWP Closings to Plant	338,409	(9,480)	-	(13,509)	-	-	-
6	To Adjust Income Taxes to Rellect Interest Synchronization	-	-	-	-	-	-	-
7	To eliminate unbilled revenues	-	-	-	-	-	-	-
8	Adjust coal inventory	-	-	315,866	-	-	-	18,124
9	Adjust the amount of CWP in rate base	-	-	-	-	-	-	-
10	Adjust 1/8 O&M for accounting and pro forma adjustments	-	-	-	-	-	(4,808)	-
11	To Exclude Greenwood Operations	(29,598)	11,923	-	(2,844)	-	-	-
12	To Normalize Nuclear Refueling Outage Costs	-	-	-	-	-	-	-
13	To remove DSMEE program revenues and program costs	-	-	-	-	-	-	-
14	To remove SC Load Retention Rider revenues	-	-	-	-	-	-	-
TOTAL - ALL PRO FORMAS		\$ 308,810	\$ (8,817)	\$ 315,866	\$ (16,353)	\$ -	\$ (4,808)	\$ 18,124

Schedule 5

Duke Energy Carolinas, LLC
Statement of Fixed Assets - Electric
12 Months Ended June 30, 2018
Dollars in Thousands

Line No.	Description	Total Company			SC Retail		
		Per Books (Col. 2)	Adjustments (Col. 3)	As Adjusted (Col. 4)	Per Books (Col. 5)	Adjustments (Col. 6)	As Adjusted (Col. 7)
	(Col. 1)	\$	\$	\$	\$	\$	\$
<u>Gross Plant in Service</u>							
1	Intangible Plant	\$ 949,739	\$ 15,980	\$ 965,719	\$ 226,420	\$ 3,690	\$ 230,110
2	Production	21,546,740	853,496	22,400,236	5,136,796	204,506	5,341,301
3	Transmission	3,951,061	147,002	4,098,064	938,815	28,084	966,899
4	Distribution	11,704,449	344,715	12,049,165	2,780,369	88,468	2,878,838
5	General	1,125,941	56,771	1,182,712	268,427	13,660	282,087
6	Common						
7	Subtotal	39,277,930	1,417,965	40,695,896	9,360,827	338,409	9,699,236
8	Plant Held for Future Use	57,173	-	57,173	15,370	-	15,370
	Greenwood					(29,598)	(29,598)
9	Total Gross Plant in Service	\$ 39,335,103	\$ 1,417,965	\$ 40,753,068	\$ 9,376,197	\$ 308,810	\$ 9,685,007
<u>Construction Work in Progress</u>							
10	Production	\$ 125,844	\$ 802,705	\$ 928,549	\$ 29,949	\$ 192,336	\$ 222,285
11	Transmission	7,225	186,466	193,691	1,309	35,624	36,933
12	Distribution	1,431	180,332	181,763	361	46,281	46,642
13	General	7,763	61,668	69,431	1,838	14,838	16,677
14	Intangible	8,797	116,000	124,797	2,083	26,787	28,871
15	Total Construction Work in Progress	\$ 151,060	\$ 1,347,170	\$ 1,498,231	\$ 35,540	\$ 315,866	\$ 351,406

Duke Energy Carolinas, LLC
Reserve for Depreciation - Electric
12 Months Ended June 30, 2018
Dollars in Thousands

Schedule 6

Line No.	Description	Total Company			SC Retail		
		Per Books	Adjustments	As Adjusted	Per Books	Adjustments	As Adjusted
	(Col. 1)	(Col. 2)	(Col. 3)	(Col. 4)	(Col. 5)	(Col. 6)	(Col. 7)
		\$	\$	\$	\$	\$	\$
1	Intangible Plant	\$ (576,102)	\$ (460)	\$ (576,562)	\$ (137,344)	\$ (106)	\$ (137,450)
2	Production	(8,494,253)	(47,170)	(8,541,424)	(2,025,051)	(11,302)	(2,036,353)
3	Transmission	(1,366,430)	(5,396)	(1,371,826)	(325,169)	(1,031)	(326,200)
4	Distribution	(4,734,042)	(18,685)	(4,752,727)	(1,128,607)	(6,048)	(1,134,655)
5	General	(404,478)	(9,362)	(413,840)	(96,429)	(2,253)	(98,681)
6	Common					-	-
7	Greenwood					11,923	11,923
8	Total Reserve for Depreciation	<u>\$ (15,575,306)</u>	<u>\$ (81,073)</u>	<u>\$ (15,656,379)</u>	<u>\$ (3,712,600)</u>	<u>\$ (8,817)</u>	<u>\$ (3,721,417)</u>

Schedule 7

Duke Energy Carolinas, LLC
Other Rate Base - Electric
12 Months Ended June 30, 2018
Dollars in Thousands

Line No.	Description	Total Company			SC Retail		
		Per Books	Adjustments	As Adjusted	Per Books	Adjustments	As Adjusted
	(Col. 1)	(Col. 2)	(Col. 3)	(Col. 4)	(Col. 5)	(Col. 6)	(Col. 7)
		\$	\$	\$	\$	\$	\$
1	Operating Reserves	\$ (269,850)	\$ -	\$ (269,850)	\$ (65,068)	\$ -	\$ (65,068)
2							
3							
4							
5							
6							
7							
8	Total Other Rate Base	\$ (269,850)	\$ -	\$ (269,850)	\$ (65,068)	\$ -	\$ (65,068)

Duke Energy Carolinas, LLC
Total Working Capital - Electric
12 Months Ended June 30, 2018
Dollars in Thousands

Line No.	Description	Total Company			SC Retail		
		Per Books	Adjustments	As Adjusted	Per Books	Adjustments	As Adjusted
	(Col. 1)	(Col. 2)	(Col. 3)	(Col. 4)	(Col. 5)	(Col. 6)	(Col. 7)
		\$	\$	\$	\$	\$	\$
1	Twelve Month O&M Expenses	\$ 3,125,285	\$ (137,284)	\$ 2,988,001	\$ 751,542	\$ (38,461)	\$ 713,081
2	Working Cash (1/8 of O&M Expenses on Line 1)	\$ 390,661	\$ (17,161)	\$ 373,500	\$ 93,943	\$ (4,808)	\$ 89,185
3	Average Tax Accruals	(206,131)	-	(206,131)	(49,142)	-	(49,142)
4	Subtotal: Investor Funds for Operations	184,530	(17,161)	167,369	44,801	(4,808)	39,993
5	Unamortized Debt	115,087	-	115,087	27,245	-	27,245
6	Required Bank Balance	300	-	300	71	-	71
7	Prepayments	24,038	-	24,038	5,731	-	5,731
8	Customer Deposits	(122,276)	-	(122,276)	(30,025)	-	(30,025)
9	Other	(2,007,123)	-	(2,007,123)	(410,800)	-	(410,800)
	Other Detail						
	Pension Funding	356,030		356,030	85,819		85,819
	SC DEP Deferred Depreciation and Reg Liability-book deprec	(516)		(516)	(1,549)		(1,549)
	COB Reversal	102,794		102,794	44,798		44,798
	WC - Other - Injuries and Damages	554,414		554,414	133,639		133,639
	Reg Asset - FAS 109/Tax related	(3,040,383)		(3,040,383)	(639,348)		(639,348)
	SC Storm Reserve	(22,671)		(22,671)	(22,671)		(22,671)
	Other Misc	43,210		43,210	(11,489)		(11,489)
10	Total Working Capital	\$ (1,805,445)	\$ (17,161)	\$ (1,822,605)	\$ (362,978)	\$ (4,808)	\$ (367,786)

Duke Energy Carolinas, LLC
Materials & Supplies - Electric
Dollars in Thousands

Schedule 9

Line No.	Description	Total Company			SC Retail		
		Per Books	Adjustments	As Adjusted	Per Books	Adjustments	As Adjusted
	(Col. 1)	(Col. 2)	(Col. 3)	(Col. 4)	(Col. 5)	(Col. 6)	(Col. 7)
	<u>Fuel Stock</u>	\$	\$	\$	\$	\$	\$
1	Fossil	218,129	73,202	291,331	54,006	18,124	72,130
2	Nuclear	483,815		483,815	119,786		119,786
3	Total Fuel Stock	701,944	73,202	775,147	173,792	18,124	191,916
4	Emission Allowances	35,411	-	35,411	8,221	-	8,221
5	Other Electric Materials and Supplies	765,793	-	765,793	177,777	-	177,777
6	Total Materials & Supplies	<u>\$ 1,503,148</u>	<u>\$ 73,202</u>	<u>\$ 1,576,351</u>	<u>\$ 359,790</u>	<u>\$ 18,124</u>	<u>\$ 377,914</u>

Note: (a) Adjustment to per book coal inventory balance to reflect target inventory level.

Coal Inventory Target Level (in tons)	2,525	Total Company	SC Retail
Price per Ton - Coal	\$97.50		
Total Company Pro Forma Inventory	<u>\$ 246,203</u>		<u>\$ 60,957</u>
Per Book Coal Inventory	\$173,000.85		\$42,832.76
Coal Adjustment	<u>\$ 73,202</u>		<u>\$ 18,124</u>

Duke Energy Carolinas, LLC
Cost of Capital - Electric Operations
12 Months Ended June 30, 2018
Dollars in Thousands

Schedule 10

Line No.	Description	Total Company											
		Per Books						As Adjusted					
		Amount (Col. 1)	Ratio (Col. 2)	Retail Rate Base (Col. 3)	Embedded Cost/ Return (Col. 4)	Weighted Cost/ Return (Col. 5)	Operating Income (Col. 6)	Amount (Col. 7)	Ratio (Col. 8)	Retail Rate Base (Col. 9)	Embedded Cost/ Return (Col. 10)	Weighted Cost/ Return (Col. 11)	Operating Income (Col. 12)
1	Long Term Debt	\$ 0,945,240	46.83%	\$ 0,332,661	4.53%	2.12%	\$ 422,770	\$ 9,945,240	46.83%	\$ 10,589,282	4.53%	2.12%	\$ 478,694
2	Preferred Stock												
3	Common Equity	11,292,693	53.17%	10,587,116	11.26%	5.99%	1,183,367	11,292,693	53.17%	12,023,693	7.66%	4.23%	857,240
4	Total	\$ 21,237,933	100.00%	\$ 18,929,777			\$ 1,616,137	\$ 21,237,933	100.00%	\$ 22,613,275			\$ 1,435,934

South Carolina													
Per Books							As Adjusted						
		Amount (Col. 1)	Ratio (Col. 2)	Retail Rate Base (Col. 3)	Embedded Cost/ Return (Col. 4)	Weighted Cost/ Return (Col. 5)	Operating Income (Col. 6)	Amount (Col. 7)	Ratio (Col. 8)	Retail Rate Base (Col. 9)	Embedded Cost/ Return (Col. 10)	Weighted Cost/ Return (Col. 11)	Operating Income (Col. 12)
5	Long Term Debt	\$ 0,945,240	46.83%	\$ 2,227,045	4.53%	2.12%	\$ 100,885	\$ 9,945,240	46.83%	\$ 2,514,016	4.53%	2.12%	\$ 113,865
6	Preferred Stock												
7	Common Equity	11,292,693	53.17%	2,528,781	10.72%	5.70%	271,048	11,292,693	53.17%	2,854,639	7.45%	3.66%	212,744
8	Total	\$ 21,237,933	100.00%	\$ 4,755,826			\$ 371,933	\$ 21,237,933	100.00%	\$ 5,368,649			\$ 326,609

Notes: (a) Long term debt includes Mortgage and Pollution Control Bonds, Senior Debt, Capital Leases and Unamortized Debt expense, discounts and premiums. Current long term debt maturities are excluded.
(b) Includes net of tax Piedmont merger costs to achieve of approximately \$3 million.